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Why Do Service Providers Employ Their Face-Shots in Marketing Communications?

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Abstract

From billboards to newspapers, from TV to Yellow Pages, business owners of retail establishments and services frequently include their face-shots in their advertising to the public. Clearly, their face-shot takes up space which, in turn, costs money. Thus, an important question to ask is: are advertisers who include their face-shots receiving a benefit that justifies their cost? Accordingly, in this research, we develop the notion that the utilization of the service provider's face is able to credibly signal product quality via a bonding mechanism. In particular, we examine if the signaling ability of the face-shot is higher for credence goods, services that typically exhibit higher demand for quality signals. In addition, we also investigate the ability of the face-

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shot to serve as a logo for the service. Analyzing a dataset containing 3299 yellow pages advertisements culled from seven city-pairs, we find support for the bonding hypothesis but not for the logo hypotheses. Implications for the design of marketing communications are also discussed.

Keywords: signaling, advertising, advertising Content design, yellow pages

INTRODUCTION

From billboards to newspapers, from TV to Yellow Pages, business owners of retail establishments and services frequently put their face-shots in their advertising to the public. A "face-shot" most commonly takes the form of a posed portrait-style photo but can be a larger body shot either posed or in action. In print advertising, this picture of the owner takes up space that could be devoted to other information — either written (e.g., claims) or pictorial (e.g., product features, results of service). As such, in the print media, face-shots incur real costs. Thus, an important question to ask is: are advertisers who put their face-shots in advertising receiving a benefit that justifies their cost?

Previous research has shown that an attractive individual is believed to be extraverted, confident, and happy (Snyder, Tanke, and Berscheid 1977). It is possible, then, that an attractive face would create a positive halo effect for the advertiser and thereby justify use. Attractive models in commercials have also been shown to increase attention from the target audience in a highly cluttered market (Campbell 1995), thus potentially benefiting the advertiser. Conditioned learning has been suggested as rationale for the influences of peripheral cues like celebrity endorsers (Petty, Cacioppo, and Schumann 1983). While these studies have generally suggested explanations for the use of attractive face-shots in marketing communications, the effect of face-shots in marketing communication tools, particularly those belonging to the owners with typical levels of attractiveness, has not be clarified. Consequently, we ask: Should service providers include their face in marketing communications? Can the inclusion of the service provider's face lead to differential benefits for the service provider?

In the current research, we attempt to answer these questions

using signaling theory. Manufactures often use price, advertising, warranty, and brand name to signal their quality to consumers (Wolinsky 1983; Bagwell and Riordan 1991; Milgrom and Roberts 1986; Grossman 1981; Shapiro 1983; Wernerfelt 1988). For example, advertising itself serves as a signal because the value of this investment depreciates rapidly if the service provider cheats (Ippolito 1984). But these tools are either less effective or unavailable for a small size start-up, mostly unknown, manufacturers and service providers. For instance, how can service providers signal its quality?

We propose that service providers signal their quality by putting their face-shots in their advertising. We argue that the service provider's face plays an important signal tool for the buyer in that it identifies the entity taking responsibility for the quality of service. The inclusion of service providers' face enhances the effectiveness with which information about service provider quality is spread - the market can more easily discern which providers to trust and which ones to punish. In particular, we expect service providers to employ their faces more often for product categories where there is greater uncertainty about service quality. This is because greater uncertainty about product quality leads to higher buyer demand for signals of quality. Hence, we hypothesize that service providers of credence goods may find it more valuable to employ their face compared to service providers of search/experience goods. Service providers for search/experience goods may think that buyers are capable of evaluating product quality directly during or after consumption, which would lead these service providers to emphasize other points of differentiation in their marketing communications.

Of course, there could be alternative mechanisms that justify the use of the service provider's face in marketing communications. For example, the service provider's face could simply serve as a logo for the business. This is consistent with the definition provided by Henderson and Cote (1998) wherein a logo is a graphic design that a company uses, with or without its name, to identify its product or service. As logos are considered an important recognition aid and thereby speed selection of a product (Morrow 1992), the use of the face could enhance service provider recognition and help its selection. In addition, it is well

known that companies usually use logos to communicate themselves to target audiences (Zakia and Nadin 1987). However, despite awareness of the importance of logos in marketing communication, small and mid-sized service providers are likely to be financially constrained in spending money for logo design and development process; hence, they may use their face-shot like a logo for the same purpose. If this mechanism has any play in the marketplace, we would expect the use of the service provider's face to be relatively more pronounced in small cities because there is greater likelihood of the target audience recognizing a service provider's face in small communities where closer interaction and community involvement is more likely.

The rest of the paper is organized in the following manner. We first provide a brief review of the literature. We then use this review to develop hypotheses pertaining to the utilization of faces across product types and spatial locations. We next describe our empirical context, namely, yellow pages advertisements gleaned from seven city pairs in seven states. Then, we describe our data collection methodology, estimation technique, and present our empirical findings. We conclude by discussing the contributions and implications of our work.

THEORETICAL BACKGROUND

The apparent source (spokesperson) involved in marketing communications used to deliver a selling message has been shown to influence effectiveness of advertising messages and sales. Kelman (1961) categorized source attributes into credibility, attractiveness, and power. Among these, credibility (or source credibility) is defined as a communicator's positive characteristic that affects the receiver's acceptance of a message (Ohanian1990). Previous research on source credibility indicates that a highly credible spokesperson is more effective in conveying an advertising message than a low-credibility spokesperson.

Celebrity endorsers have been widely used as spokespeople in many ads because of their potential to achieve a high degree of attention and recall and create positive attitudes towards brands. Furthermore, placing a celebrity endorsement in advertisements helps advertisers to build a credible image in terms of expertise

and trustworthiness (Till and Shimp 1998). Popularity of celebrity endorsement can also be explained based on source attractiveness which refers to the endorser's physical appearance, personality, and likeability as perceived by the audience, with attractive sources more successful in influencing consumers' attitudes and beliefs (Ohanian 1991; Solomon 2002).

Along with the celebrity endorser, the president or CEO of a company is also frequently used as a spokesperson in advertisements because many companies believe the use of their president or CEO is the ultimate expression of their commitment to quality and customer service. The use of a president or CEO in ads also helps create an identity and personality for the company and/or brand. Indeed, Lee Iacocca for Chrysler, Col. Harlan Sanders for Kentucky Fried Chicken, Dave Thomas for Wendy's, and John Schnatter for Papa John's Pizza are well-known examples of this strategy that have been employed over the years. The effectiveness of the CEO in ads is particularly based on the expertise-dimension of source credibility. As the person at the top of the organization, the CEO is presumably perceived by the target market as knowledgeable, competent, and able placed in a position to make reliable claims for the company or the product. Cognitive response theory suggests that an expert source such as the CEO will be persuasive because consumers are more likely to limit negative thoughts when exposed to such a source (Stephens and Faranda 1993).

In the case of small or mid-sized retailers and service provides in local markets, does the use of owners as advertising spokespersons provide the same benefit? We believe not. The decision by these owners to have their face present in their ad may result more out of economic necessity (a professional spokesperson could be expensive) or ego. Others may choose not to include their face because of the added expense involved (generally, a larger ad). The question is of academic and practical importance because there have been few guidelines on the effectiveness of placing owners' face in advertising messages at the local level.

This question can be of particular importance for advertisers in the Yellow Pages. The Yellow Pages is the fourth largest medium, ahead of radio, magazines, and outdoor with ad revenues over $14 billion in 2006 (Arens, Weigold, and Arens 2007; Klaassen

2006). It is almost exclusively a local or retail medium. For many local merchants, it is their only major advertising expenditure. Unlike CEOs in commercials who are seen repeatedly and become known, the owner who places his/her face in the Yellow Pages ad may only be seen once, when the potential buyer looks under the heading to find a supplier. Moreover, the owner at this point is generally unknown. Thus, it is reasonable to ask: What purpose does the presence of his/her face serve? Do potential buyers judge the trustworthiness of the business based on the face of the owner? Do claims appear more believable simply because the face is present? Though all these questions are very important, we focus on one fundamental question in the current research: Does utilization of the face-shot of the service provider signal quality?

Ippolito (1984) posits that advertising serves as a bond that is forfeited if promises are not honored. In her conceptualization, adverting is a durable asset whose value is reduced by cheating because dissatisfied consumers are less likely to trust ads and more likely to spread negative word-of-mouth. As such, Ippolito's conceptualization opens the door for the *content* of advertising — what to put in ads — to influence the signaling role of advertising. It is precisely this idea that we employ in the current research. We propose that service providers' face can enhance the bonding capacity of the ad.

Wernerfelt (1988) presents a signaling model wherein a multi-product firm can post its reputation as a bond by using the brand name of an established product when it introduces a new experience good. According to Wernerfelt (1988), firms with a bad old product are discouraged from branding because consumers will conclude that the new product is also of poor quality. In addition, firms with a good old product but a bad new product will be less likely to brand new one under the same brand name because the poor performance of the branded new product will lead consumers to believe that the old product is also of poor quality, tarnishing brand reputation. Thus, umbrella branding strategy is the most ideal for firms which have both good old products and good new products. In related work employing signaling theory, Chu and Chu (1994) suggest that high quality manufactures can signal quality by distributing through retailers with strong reputations while low quality manufactures signal

their low quality by selling products through retailers with little or no reputation. Reputable retailers would have a strong incentive to correctly represent the quality of the products they sell in order to protect their long-term investment spent to build their reputation.

In a similar logic, it seems that high quality service providers are more likely to be motivated to signal its quality than low quality service providers. However, as we do not have any independent measures of quality of service, we advance our argument that service providers of credence goods are more likely to use their face in ads. This is because credence goods cannot be adequately judged even after purchase *and* the face-shot could be a major way of signaling its quality. This is a legitimate argument in that most consumers are uncertain about quality of credence goods even after purchase and they are likely to seek cues to signal its quality from service providers. In response to this demand, service providers of credence goods are more likely to place their face-shots in ads with the goal of of serving as a bond.

Our arguments here are consistent with previous research in that service providers tend to match supply of advertising with the demand for it. Laband (1984) compares the provision of information regarding service provider experience across Washington D.C. and Baltimore, MD and finds that the use of such information occurs to a greater extent in the relatively mobile Washington than in the more stable Baltimore, where consumers can develop alternative sources of service provider related information more easily. Laband (1984) thus demonstrates that consumer demand for advertising influences the provision of advertising. Likewise, we argue that use of the owner's face in an ad is likely to be a function of the product / service categories involved.

Nelson (1970) has suggested that goods sold can be classified as "search or "experience" goods. *Search goods* have quality characteristics which can be identified prior to purchase such as the quality of furniture for sale at a retail store or the freshness of flowers from a florist. Search goods have low pre-purchase uncertainty and thus consumers are able to find the products based on information given by service providers. *Experience goods*, on the other hand, have features that are only revealed

after purchase such as lawn care work. Experience goods are characterized by higher pre-purchase uncertainty than search goods but low post-purchase uncertainty since information on quality is revealed to the consumer as a by-product of use.

Darby and Karni (1973) have proposed that some goods should be classified as *credence goods* for which qualities cannot be judged properly even after purchase. For example, we often do not know the quality of an attorney's preparation of legal documents unless something later happens that challenge them. Credence goods have both high pre-purchase uncertainty and high post-purchase uncertainty. As a result, consumers of credence goods have little choice but to rely on the service providers' credentials. Hence, consumers will appreciate quality signals to a greater extent for credence goods than search/experience goods. From service providers' standpoint, service providers of credence goods thus have stronger incentives to provide indirect information about quality or credentials to help reduce uncertainty compared to those of search or experience goods. Also, this may allow consumers to pool their information to obtain a more precise estimate of the quality of the product they are consuming (Wernerfelt 1988) — poor service providers are much more easily identified and / or described if their face-shot is included. As such, we posit that service providers of credence goods will respond to the increased demand for quality signals by appropriately placing their face as a bond. Thus, we formally state:

> **H1:** Service providers of credence goods will utilize their face-shots in marketing communications to a greater extent than service providers of search /experience goods.

An alternative mechanism could be that the service provider's face simply serves as a logo for the product or service, thereby facilitating recognition and stimulating product selection. Most small and mid-sized companies may have financial difficulties in spending money for a logo development as logo design and selection process is typically quite expensive — ranging from less than $10,000 to hundred of thousands of dollars (Barnes 1989; Siegel 1989). Given this financial difficulty, service providers may choose placing their face-shot in the ads with the anticipation

that this could serve as a logo for their target audience. If this line of reasoning is valid, we should expect this effect to be more pronounced in relatively small cities where the probability of chance consumer-service provider encounters is much higher. Using service providers' face in ads may allow these encounters to blossom into profitable exchanges as consumers are more likely to consider familiar service providers when they are in needs of services. Given that increased marginal benefits of the "logo effect" in small cities compared to large cities, we expect service provider's in small cities to utilize their faces to a greater extent than service providers in large cities. Thus, we state:

> **H2:** Service providers in small cities will utilize their face-shots in marketing communications to a *greater* extent than service providers in large cities.

METHOD

Data

Although our theory is applicable for all types of marketing communications, we test our theory in the context of yellow pages advertising. This medium affords a relatively clean test of our theory because the use of the service provider's face is not confounded with any other additional information. In television advertising, for example, the use of the service provider's face is often needed to deliver the service provider's message. Moreover, a researcher studying the impact of including the service provider's face in the medium would have to explicitly control for the theme of the service provider's message (humor, factual, etc.). Such controls are less important in yellow pages advertising because yellow page ads are largely informative in nature.

Further, the yellow pages itself represent an important and heavily used advertising medium. According to the Yellow Pages Association (Small 2005), there are over 250 publishers of yellow pages with over 7000 titles and 500 million books in circulation across the U.S. Its 3.25 million advertisers spend over $14 billion annually in the medium which is more than the amount spent

annually in magazines. The vast majority of yellow pages spending, approximately 85%, is accounted for by local retailers and service providers. Almost 15 billion shopper references are made to the yellow pages annually. Thus, we deemed this medium to be a meaningful vehicle for the test of our hypotheses.

Through the co-operation of the marketing manager for a large yellow pages directory supplier, we were able to secure yellow pages directories for seven city pairs in seven states. Each city pair included a small city and a big city in the same state, with a view to mitigate larger macro-economic trends that may be common across the sate. The specific small-city, large-city pairs that we analyzed included: Yakima & Seattle, WA, Council Bluffs & Des Moines, IA, Grand Junction & Denver, CO, Flagstaff & Phoenix, AZ, Ogden & Salt Lake City, UT, Santa Fe & Albuquerque, NM, and St. Cloud & Minneapolis, MN.

For each of these 14 cities, we scanned all yellow pages ads for four search/ experience goods and four credence goods. There has been no universally accepted classification scheme. Hence, the classification in the current research was first determined by three panels based on their consensus for the classification of each service, and also supported by the results from the pretest. In the pretest (n = 30), subjects were provided detailed information on search goods, experience goods, and credence goods by the experimenter and answered questions on classification of each service goods.

The summary of information given to subjects is as follows:

Information about Search, Experience, Credence Goods

Search goods are those the quality characteristics of which can be determined ***prior to*** purchase, which means judgments regarding product attributes/quality for those goods can be made by consumers ***prior*** to purchase.

Experience goods are those the quality characteristics of which can be determined ***after*** purchase, which means judgments regarding product attributes/quality for those goods can be made ***only after*** purchase.

Credence goods are those the quality characteristics of

> which ***cannot be determined even after purchase, which means*** judgments regarding product attributes/quality for those goods cannot be made even after purchase/consumption.

Three 7-point Likert-type items were used to measure the degree of agreement (disagree/agree) with classification of products to search, experience, credence goods. (e.g., "Plumbing service is classified as search goods", "Plumbing service is classified as experience goods", "Plumbing service is classified as credence goods".) Based on the results of the pretest, we classified floral service, plumbing service, pest control service, and carpet cleaning service as search/experience goods and insurance service, real estate service, chiropractic service, and legal service as credence goods (table 1). This classification is consistent with previous research (Ekelund, Mixon, and Ressler 1995) which classifies plumbing service, pest control service, and carpet cleaning as experience goods.

In our dataset, we looked at all ads in each category there were a quarter page or larger and noted whether or not they displayed the service provider's face. Ads clearly using a professional model or faces of consumers using the product were excluded from the "face count". We also excluded ads that displayed multiple faces behind the same brand name. For example, in the case of a large insurance brand, it was quite common for the ads to run over

Table 1. Classification of Goods into Search, Experience, and Credence Goods (n=30)

	Characteristics of Search, Experience, and Credence Goods		
	Search	Experience	Credence
Floral service	5.07	4.60	1.33
Plumbing service	3.43	6.07	1.87
Pest Control service	3.40	5.93	2.27
Carpet cleaning service	3.47	6.27	3.10
Insurance service	3.80	4.90	5.90
Real estate service	3.57	5.20	6.10
Chiropractic service	2.83	5.33	6.07
Legal service	2.97	4.90	6.00

(7 point scale = 1 (strongly disagree), 7 (strongly agree))

multiple pages with the faces of dozens of insurance agents. We consciously eliminated this small number of ads (less than 5%) because we wanted to concentrate on the more standard form of ad used by small business owners.

Based on this process, we developed a dataset of 3,299 ads that had the opportunity to include a face. Of these, 1178 observations include the service provider's face. This yields an unconditional probability of including a face of 0.3570. In our dataset, we had 2251 observations (approximately 70%) that promote credence products and 2217 observations (approximately 69%) that represent large cities.

Estimation

We used binary logit to test our hypotheses. The dependent variable was whether the ad included the service provider's face. The independent variables were two dummy variables - the first dummy indicated credence goods while the second indicated a small city. In contrast to other estimation techniques, logistic regression explicitly preserves all information. For example, insurance ads in Denver may exhibit 20 faces out of a total of 100 leading to a proportion of 0.2. Insurance ads in Yakima, WA, may also exhibit a proportion of 0.2 but with 2 faces out of a total of 10. Stacking the data to run a logistic regression with 100 observations contributed by Denver and 10 observations contributed by Yakima implicitly accounts for the difference in variances between these estimates.

RESULTS

We first report in table 2 the mean proportion of ads that include faces by city size and type of product.

Consistent with our expectations, the proportion of ads that included the service provider's face is markedly higher for credence goods than it is for search/ experience goods (0.46 versus 0.14, $z = 21.19$, $p < .001$). However, contrary to the logo hypothesis, we found no difference between the proportion of ads that include the service provider's face between big cities and small cities (0.36 versus 0.35, $z = 0.56$, $p = 0.29$). Note that the

Table 2. Proportion of Ads Including Service Providers' Face by City Size and Types of Goods.

	Characteristics of Search, Experience, and Credence Goods		
	Search	Experience	Credence
Size of City	Small	0.17 (0.38) n = 704	0.45 (0.50) n = 1513
	Big	0.08 (0.27) n=344	0.47 (0.50) n=738

Table 3. Predictors of the Utilization of the Service providers' Face

	Expected Sign	Model 1	Model 2
Credence (Credence = 1, Experience=0)	+	1.63*	2.17*
Size (Small City = 1, Big City = 0)	+	0.07	-0.05
PAGES	+		2.82*
Constant		-1.85	-2.58*

*: $p < .01$. Both model 1and 2 are significant at $p = 0.01$

use of proportions automatically corrects for differences in the intensity of advertising across product categories and spatial locations.

We next report in the first column of table 3 the estimates of our logistic regression.

The results confirm the initial analysis. Service providers of credence goods are more likely to employ their face in marketing communications ($\beta = 1.63$) while the impact of city size is insignificant. We thus obtain support for the bonding hypothesis but not for the logo hypotheses.

In the second column of table 3, we run a separate model to

control for the fact that service providers in large cities generally employ larger ads. Since these service providers have more space to include product information in other parts of the ad, their opportunity cost for including a face is lower. Therefore, we include a proxy to capture the relatively larger sizes of ads that are featured in big cities. Specifically, we use the number of full page (or larger) ads in each product category to control for this effect. The findings reveal that the number of full pages ads (PAGES) has a positive and significant impact on the likelihood of using the service provider's face in the ad. However, even controlling for the opportunity cost of utilizing the service provider's face, credence continues to remain significant while city size remains insignificant. Thus, these findings also support the bonding hypothesis while rejecting the logo hypothesis.

SUMMARY, LIMITATIONS, AND IMLICATIONS

We tested the validity of two mechanisms — bonding and logo - by observing the utilization of faces in marketing communications across product classifications and spatial locations. In our empirical work, we employed a unique data set that we created from ads found in the yellow pages of seven city pairs which consisted of a small city and a large city within the same state. Consistent with our theoretical prediction, we found that that the use of faces is much more pronounced among credence goods, thereby supporting the bonding mechanism. However, we found no difference between small cities and large cities with respect to the utilization of the service provider's face. These findings support the bonding hypothesis but suggest that logo effects are less salient in the decision to deploy faces in marketing communications.

An important limitation of our work is that we are not able to examine the impact of the quality of the service provider on the likelihood of using a face-shot. Based on the bonding mechanism, we expect reputable service providers to be more likely to display a face as a signal for high quality relative to less-reputable service providers. However, lack of objective quality data precludes us from investigating this issue — we thus leave this to future research.

Our work provides both theoretical and practical implications. Theoretically, advertising has long been considered a valuable tool to signal service provider quality (Erdem 1998; Ippolito 1984; Nelson 1974; Kihlstrom and Riordan 1984; Wernerfelt 1988). Our work contributes to this stream of literature by examining the ability of the service provider's face-shot to signal quality. From a practical point of view, our work suggests that high quality but less known service providers should be encouraged to include their face-shots in marketing communications to signal quality even though this option is available for all service providers.

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